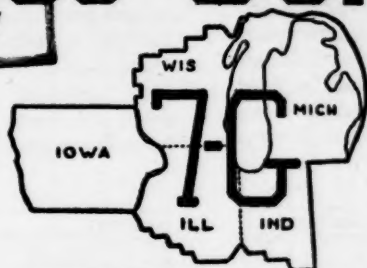


BUSINESS CONDITIONS

SEVENTH
FEDERAL



RESERVE
DISTRICT

Volume 12, No. 3

MONTHLY REVIEW PUBLISHED BY THE
FEDERAL RESERVE BANK OF CHICAGO

March 1, 1929

NATIONAL SUMMARY OF BUSINESS CONDITIONS

MANUFACTURING and mining increased in January and the first part of February, while building continued to decline. Wholesale commodity prices rose slightly. Reserve bank credit declined between the middle of January and the middle of February, reflecting chiefly a reduction in reserve balances of member banks.

PRODUCTION—Industrial production increased in January and continued to be larger than a year ago. Output of pig iron, steel ingots, and automobiles was in record volume for January. The high rate of steel activity reflected large purchases from automobile manufacturers and also increased demand from railroads. Domestic output of refined copper, while continuing in large volume, was somewhat lower in January than in December. Activity of textile mills increased considerably in January. In the mineral group, output of copper ore, bituminous coal, and petroleum was exceptionally large, and anthracite coal and tin also increased.

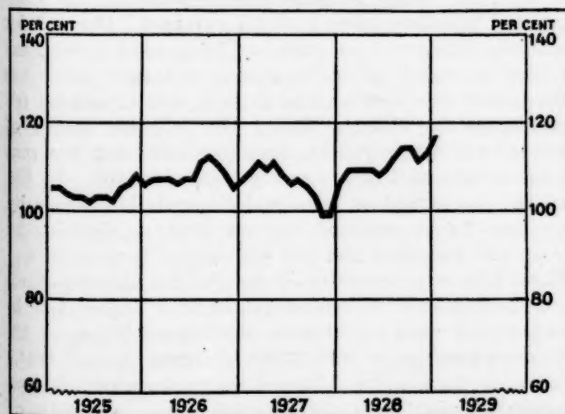
In the first part of February preliminary reports indicate the maintenance of a high level of industrial activity. Steel plants operated at a high percentage of capacity. The output of coal continued large, and employment in Detroit factories increased. The production of petroleum, however, declined slightly in the middle of February. Building activ-

ity declined in January for the third successive month, reflecting primarily a large reduction in awards for residential building, while commercial building awards increased somewhat. The value of building contracts let during the first six weeks of the year was substantially lower than in the corresponding period of either 1928 or 1927.

TRADE—Shipments of freight by rail increased during January and the first two weeks of February, and were larger than a year ago. The increase during January reflected primarily larger shipments of coal and coke and live stock. Sales by wholesale firms were seasonally larger in January and above the level of a year ago. Department store sales declined less than is usual at this season and were considerably larger than in January 1928.

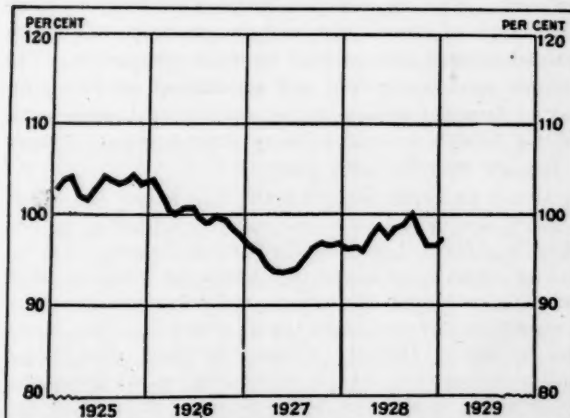
PRICES—The general level of wholesale prices rose somewhat in January. Prices of grains, live stock, and meats advanced, and there were also price advances in steel, automobiles, and copper. A decrease in the group index for building materials reflected reductions in the prices of lumber and brick, and prices of pig iron, silk, cotton, and petroleum also declined. Among the raw materials, rubber advanced sharply in price, while silk, cotton, and hides declined. During the first half of February, the price of copper advanced to a new high level, and the price of rubber

INDUSTRIAL PRODUCTION



Index number of production of manufactures and minerals combined, adjusted for seasonal variations (1923-25 average = 100). Latest figure, January, 1929: 117.

WHOLESALE PRICES



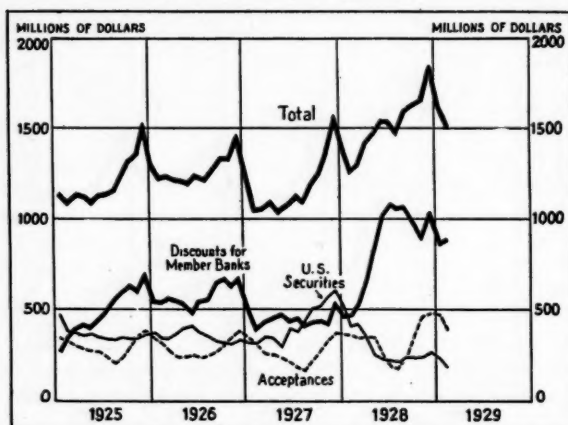
Index of U. S. Bureau of Labor Statistics (1926 = 100, base adopted by the Bureau). Latest figure, January, 1929: 97.2.

Compiled February 25, 1929

continued to rise. Among the agricultural commodities, prices of wheat, corn, and hogs rose, while sugar and cattle declined slightly.

BANK CREDIT—On February 20, total loans and investments of member banks in leading cities were nearly \$90,000,000 smaller than in the middle of January, owing chiefly to reductions in the banks' investment holdings. After the first week in February, security loans declined, while all other loans, largely commercial, increased somewhat in February.

RESERVE BANK CREDIT



Monthly averages of daily figures for twelve Federal Reserve banks. Latest figures, averages of first 23 days in February, 1929: Total Reserve Bank Credit, 1,507 million; Discounts for Member Banks, 880 million; Acceptances, 394 million; U. S. Securities, 186 million.

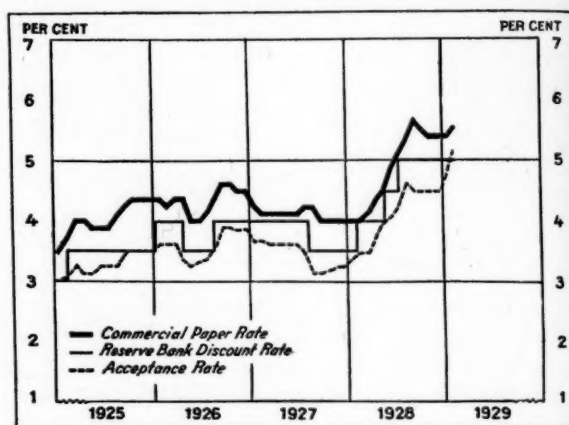
BUSINESS CONDITIONS IN THE SEVENTH RESERVE DISTRICT

Expansion took place during January in most industries of the Seventh district, following seasonal declines experienced in December, while merchandising lines showed an opposite movement, reacting from the heavy holiday trade. As compared with the opening month of 1928, in the majority of both manufacturing and distributive lines activity was at a higher level this January. Exceptions to this trend included declines in output of dairy products, in leather production, and in wholesale and retail distribution of shoes. At furniture factories of the district, orders booked showed a decline from last January, but shipments increased. Building materials were quiet, both as compared with a month and a year previous. Contracts awarded showed little change in either comparison. The iron and steel, automobile, and agricultural machinery industries recorded notable improvement over January 1928, and the bituminous coal industry showed greater activity in January than for some time.

Demand for credit remains active and money rates firm, although agricultural loans are being liquidated to a considerable extent. Loans by the Federal Reserve Bank to member banks were higher the middle of February than since the early part of January, and loans and discounts of reporting member banks have shown a rising trend since the end of January. Commercial paper sales during January were larger than in many months but below the corresponding month last year. Bankers' acceptances declined from December, though exceeding the volume of a year ago. January payment by check in the district fell off from the preceding month but was heavier than for

During the five weeks ending February, 20, declines in the reserve balances of member banks, together with a considerable inflow of gold from abroad and some further decline in the demand for currency, were the chief factors accounting for a decline of \$173,000,000 in the volume of reserve bank credit in use. A large decline in reserve bank holdings of acceptances and United States securities was offset in part by a small increase in the volume of member bank borrowing. Open-market rates on bankers' acceptances and commercial paper advanced, while rates on collateral loans showed little change.

MONEY RATES



Monthly rates in the open market in New York: commercial paper rate on 4- to 6-month paper, and acceptance rate on 90-day bankers' acceptances. Latest figures, averages of first 23 days in February, 1929: Commercial Paper Rate, 5.50 per cent; Acceptance Rate, 5.13 per cent; N. Y. Reserve Bank Discount Rate, 5 per cent.

January 1928, and savings deposits showed a similar trend. The bond market has been somewhat more active.

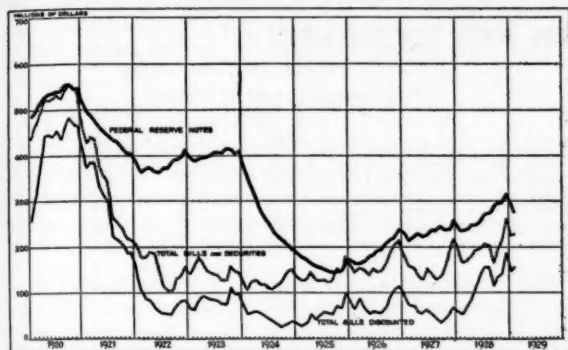
CREDIT CONDITIONS AND MONEY RATES

Many sections of the district are experiencing active demand for credit, particularly in the more important banking centers. In agricultural areas, liquidation of bank loans continues as farmers market their corn, cattle, and hogs, which is reflected also in a higher level of deposits. Money remains firm in Chicago, with rates unchanged from last month; stock brokers' demand loans carry 7 per cent, customers' over-the-counter loans 5½ to 6 per cent, and collateral loans 6 to 6½ per cent. Demand for funds for commercial purposes in Chicago and Detroit has declined somewhat, while the volume of security loans has risen during the month. The average rate earned by ten large banks in Chicago during the calendar month of January was 6.01 per cent, compared with 6.12 per cent in December and 4.79 per cent in January, 1928. In Detroit the rate earned on loans and discounts in January by four large banks averaged 5.88 per cent, as against 5.90 per cent in December and 5.38 per cent in January 1928.

Total bills and securities of the Federal Reserve Bank of Chicago tended to expand following a decline late in January, and were reported as \$231,254,000 February 13, which compares with \$226,557,000 February 6, and \$224,677,000 on January 16. United States securities showed further recession from the November 23, 1927 peak of \$105,190,000 and totaled \$29,402,000 February 13, the lowest figure since March 5, 1924. Loans to member banks amounted to \$162,412,000 on February 13, which marks the

highest level since January 2 and compares with \$147,364,000 January 16. Federal Reserve notes have changed little in volume since the end of January but are lower than a month ago, on January 16 amounting to \$292,315,000 and on February 13 to \$275,958,000.

POSITION OF THE FEDERAL RESERVE BANK OF CHICAGO



Monthly averages of weekly figures. Latest figures, averages of first two weekly report dates in February, 1929, in thousands of dollars: Federal Reserve Notes, 275,042; Total Bills and Securities, 228,906; and Total Bills Discounted, 156,562.

Loans and discounts of reporting member banks in the Seventh district have shown a rising trend since January 30, the total amounting to \$2,588,475,000 on February 13 as against \$2,551,360,000 on the first named date. An increased volume of loans on securities is responsible for the gain shown, commercial loans moving downward since the turn of the year. Investments have gained in volume in recent weeks, \$758,507,000 being reported on February 13 as against \$753,010,000 January 16, the corresponding reporting date in that month. A total of \$1,908,721,000 for net demand deposits was shown February 13, whereas on January 16 the item stood at \$1,874,632,000; the increase took place during the first two weeks of February, and the current level is below the aggregate as reported on January 2, \$1,928,992,000. Time deposits declined steadily from the middle of January until February 13; on the latter date a small upward movement was evident as compared with the preceding week, but the \$1,267,583,000 on February 13 fell nearly 10 million below the \$1,276,586,000 on January 16.

Sales of commercial paper, as reported for January by ten dealers in the Middle West, exceeded those of the preceding month by 39.9 per cent and stood at the highest level since last March, although totaling 16.6 per cent less than in January a year ago. Supply and demand averaged slightly better than in December, and ranged between fair and good. Sales of four local concerns for the first half of February aggregated less than for the corresponding period of January. The supply of paper was fair to good, and the demand fair. January selling quotations and closing rates for February 14 were generally quoted as 5¼ per cent for low and 5¾ per cent for high, with the customary charge 5¼ to 5½ per cent. January 31 outstandings of five dealers in the Middle West increased 5.9 per cent over those of December 31 and decreased 16.4 per cent in comparison with the corresponding date of 1928; outstandings of twenty-three dealers in the United States amounted to \$407,684,231, while a month previous they totaled \$383,000,000.

The open-bill market operations of six reporting dealers in Chicago averaged on a weekly basis 27.2 per cent smaller in the amount of bills bought and 17.2 per cent less in the volume of bills sold from January 17 to February 13 than

in the preceding period. Purchases gained 20.7 per cent over last year, while sales decreased 44.5 per cent. Receipts from other offices showed a recession of 22.8 per cent from those of December 13 to January 16, and were 63.8 per cent below a year ago; shipments to other offices declined 58.7 per cent and increased 128.3 per cent in the respective comparisons. The supply of paper was limited to fair, with the demand fair; a few dealers reported them good at times. Ninety- and 60-day bills were shown the greatest preference during the period. Quotations trended upward, closing on February 15 at 5¾ and 5¼ for 30-day offerings to 5¾ and 5¼ for those of 150 and 180 days. February 13 holdings exceeded those of January 16 by 14.2 per cent and were 103.8 per cent greater than for the corresponding date of 1928.

January acceptances of sixteen reporting banks in the Seventh Federal Reserve district totaled 16.9 per cent less than in the preceding month, while the quantity of purchases decreased 12.7 per cent and the volume of sales declined 19.5 per cent. Gains of 20.3 per cent and recessions of 81.7 and 53.5 per cent, respectively, were shown in comparison with last year. Individually, however, half of the banks reported an opposite trend from December and a year ago. Acceptances of four local banks for the first half of February averaged considerably smaller than for the corresponding period of January, and were drawn against transactions in grain, coffee, cotton, packing-house products, iron and steel, tea, upholstery goods, hides, crude rubber, merchandise, sugar, tapioca flour, straw hats, shoes, copper, gelatin, nuts, leather, rattan furniture, and casings. The liability for outstandings continued to increase, totaling 1.9 per cent greater on January 31 than at the close of the preceding month and 37.8 per cent in excess of a year ago. Portfolios were 11.3 per cent larger than on December 31, but 12.3 per cent smaller than for the corresponding date of 1928; these holdings contained 3.7 per cent more of the accepting banks' own bills than at the close of the preceding period. Rates were advanced on February 15 and were quoted at 5¼ for 30-day offerings to 5¾ for those of 150 and 180 days. The Federal Reserve Bank of Chicago bought \$35,030,916 of bankers' acceptances during the month and had \$43,166,217 on hand January 31.

Volume of Payment by Check—Volume of payment by check, as reported by thirty-eight clearing house centers in the Seventh district, declined 5.7 per cent in January from the December aggregate, but showed a gain of 17 per cent over January 1928. In the four larger cities, Chicago, Detroit, Milwaukee, and Indianapolis, a decline of 6.3 and a rise of 17.7 per cent, respectively, were shown in these comparisons. In thirty-four smaller cities, the total for January of this year fell 1.6 per cent short of December, but rose 12.7 per cent above January a year ago. The city of Chicago, with a total of \$4,762,311,000 for January, decreased 3.9 per cent from December and showed a 13.9 per cent gain over January last year.

Savings Deposits—A compilation for 203 reporting banks in the Seventh district shows a decline of 1.5 per cent in the volume of regular savings deposits on February 1 as compared with December 31, while average accounts decreased 1.6 per cent and the number of depositors gained 0.1 per cent. Increases of 3.1, 0.8, and 2.3 per cent, respectively, were recorded over last year. State totals for the most part followed the trend of the district, although the number of accounts in Wisconsin declined and average and total deposits in Iowa increased in comparison with the preceding month, while Illinois figures were below a

year ago. Individually, fifty-six of the reporting banks experienced a gain in deposits over December 31 and sixty-two reported a decline in this item from the corresponding date of 1928.

Bonds—Activity in the Chicago bond market during January increased somewhat over the preceding month. A comparatively large amount of bonds was offered on the

market, which, however, was satisfactorily absorbed. Preference was shown for rail, public utility, industrial, and real estate bonds, and for domestic issues generally with convertible features. In the early part of January bond prices showed some strengthening, as a result of general easing in credit and money rates, but declined slightly from that point until the end of the month.

AGRICULTURAL PRODUCTION AND FOODSTUFFS

The United States Bureau of Agricultural Economics gives the following estimates of the number and gross value of live stock on farms in the five states including the Seventh Federal Reserve district and in the United States for January 1, 1929, as compared with a year ago.

| | | (In thousands) | | | |
|----------------------------|--------|--|--------|---------------|-------|
| | | Five States Including Seventh District | | United States | |
| | | Number | Value | Number | Value |
| 1929 | | | | | |
| Swine, including pigs..... | 19,973 | \$283,017 | 54,956 | \$ 714,760 | |
| Cattle and calves..... | 11,387 | 796,197 | 55,751 | 3,308,837 | |
| Lambs and sheep..... | 4,316 | 47,095 | 47,171 | 500,058 | |
| Horses and colts..... | 3,355 | 289,271 | 14,029 | 981,331 | |
| Mules and mule colts..... | 352 | 30,532 | 5,447 | 447,727 | |
| 1928 | | | | | |
| Swine, including pigs..... | 21,842 | 301,563 | 60,420 | 794,941 | |
| Cattle and calves..... | 11,307 | 692,521 | 55,681 | 2,845,067 | |
| Lambs and sheep..... | 4,018 | 43,330 | 44,554 | 456,687 | |
| Horses and colts..... | 3,478 | 286,105 | 14,540 | 974,855 | |
| Mules and mule colts..... | 364 | 30,595 | 5,532 | 440,958 | |

Grain Marketing—Interior primary markets in the United States received smaller quantities of grain during January than in December, although the volume was greater than the 1924-28 average for the month; receipts of corn increased over a year ago, while arrivals of wheat and oats decreased. Reshipments of wheat exceeded the five-year average for January but were less than in December, and an opposite trend was shown for oats; reforwarding of corn gained in both comparisons, and the volume of each of the grains was larger than a year ago. January transactions in grain futures by members of the Chicago Board of Trade totaled 89.4 per cent more than in December and 93.7 per cent in excess of the corresponding month of 1928. Visible supplies of wheat, rye, and barley in the United States showed some recession on February 9 from the preceding month, but remained considerably larger than a year ago; stocks of oats and corn declined from last February, though increasing in comparison with January 12, 1929. Quotations at Chicago averaged higher than in December.

FLOUR PRODUCTION IN THE SEVENTH DISTRICT

| | | PER CENT CHANGE FROM | | COMPANIES INCLUDED |
|---|-------|----------------------|--------------|--------------------|
| | | DECEMBER 1928 | JANUARY 1929 | |
| Production (bbls.) | +11.8 | + 3.7 | 31 | |
| Stocks of flour at end of month (bbls.) | + 0.0 | +27.1 | 27 | |
| Stocks of wheat at end of month (bu.) | -15.1 | + 1.5 | 27 | |
| Sales (volume) | -11.2 | -29.3 | 13 | |
| Sales (value) | - 4.2 | -31.8 | 13 | |

Production includes wheat and other flours. Balance of items refer to wheat flour only.

Movement of Live Stock—January receipts of live stock at public stock yards in the United States exceeded those of December but were under the corresponding month of 1928; lambs and sheep arrived in greater numbers than a year ago.

LIVE STOCK SLAUGHTER

| | CATTLE | HOGS | LAMBS AND SHEEP | CALVES |
|--|---------|-----------|-----------------|---------|
| Yards in Seventh District, January, 1929 | 243,329 | 1,226,286 | 324,574 | 118,722 |
| Federally Inspected Slaughter, U. S. | | | | |
| January, 1929 | 735,685 | 5,737,737 | 1,150,011 | 369,010 |
| December, 1928 | 666,879 | 5,782,036 | 1,052,721 | 340,699 |
| January, 1928 | 711,104 | 5,478,968 | 1,150,520 | 383,264 |

The movement to feed lots showed a seasonal recession in volume from December; purchases of feeders increased for lambs and decreased for cattle in comparison with last January.

AVERAGE PRICES OF LIVE STOCK

(Per hundred pounds at Chicago)

| | WEEK ENDED FEB. 16 1929 | JAN. 1929 | DEC. 1928 | JAN. 1928 |
|-----------------------------------|-------------------------|-----------|-----------|-----------|
| Native Beef Steers (average)..... | \$11.45 | \$12.55 | \$12.80 | \$13.90 |
| Fat Cows and Heifers..... | 9.00 | 9.50 | 9.00 | 8.90 |
| Calves..... | 12.85 | 15.50 | 13.90 | 12.60 |
| Hogs (bulk of sales)..... | 10.20 | 9.15 | 8.65 | 8.30 |
| Yearling Sheep..... | 13.75 | 13.25 | 10.95 | 10.80 |
| Lambs..... | 16.40 | 16.25 | 13.90 | 13.05 |

Meat Packing—January production at slaughtering establishments in the United States was larger than in the preceding month and in excess of a year ago. Payrolls for the last period in January showed increases of 0.4 per cent in number of employees, 14.4 per cent in hours worked, and 10.6 per cent in value over corresponding figures for December. Domestic demand was fair, although that for beef was rather slow, especially at the close of the month, and the fresh pork trade showed some irregularity at times because of the large supply. The total value of sales billed to domestic and foreign customers by fifty-seven meat packing companies in the United States increased 7.8 per cent in comparison with December and was 10.1 per cent greater than in January 1928. Demand in domestic markets averaged fair to good at the beginning of February. Chicago prices of pork, lard, lamb, and veal advanced in January over the preceding month, while those of pickled hams, pickled picnics, dry salt fat backs, and smoked meats declined; quotations for beef remained steady until the closing week and then eased. February 1 inventories at packing plants and cold-storage warehouses in the United States were seasonally larger than on January 1 and considerably in excess of last year and the 1924-28 February 1 average. Lamb holdings decreased from last year, and stocks of beef were below average, while both items showed a recession in volume from the preceding month. Shipments for export totaled somewhat less than those for December, although nearly half of the companies reported an increase in the comparison. Foreign trade was rather quiet; demand for lard was fair early in the period, and some purchases of fat backs and other meats also were reported; trading decreased during the closing weeks of the month. Inquiry for oleo and neutral was slow during the entire period. Prices were reported as slightly under Chicago parity. Consignment inventories, already landed and in transit to European countries, were indicated as somewhat heavier than on January 1.

Dairy Products—Butter production at sixty-three reporting creameries in the Seventh Federal Reserve district aggregated 10.7 per cent more in January than in the preceding month and 1.1 per cent less than a year ago. Statistics compiled by the American Association of Creamery Butter Manufacturers indicate that production in the United States increased over December and decreased from last year. Sales of creamery butter billed to customers by sixty-five companies in the district gained 7.1 per cent in volume over the preceding month and declined 1.0 per cent from last January. For the calendar year 1928, both production and sales decreased 0.5 and 2.2 per cent, respectively, in comparison with 1927. Wisconsin factories sup-

plied the primary markets of that state with a 1.3 per cent larger tonnage of American cheese during the five weeks ended February 2 than in the preceding period, although the quantity was 17.1 per cent smaller than for corresponding weeks of 1928; reshipments from these centers increased 19.9 per cent and decreased 10.3 per cent in the respective comparisons. February 1 inventories of dairy products at cold-storage warehouses and packing plants in the United States showed a seasonal recession from the be-

ginning of January, those of eggs and cheese increased over a year ago, while the stock of butter decreased. Butter and egg holdings were smaller and those of cheese were larger than the 1924-28 average for February 1. Receipts of dairy products at Chicago increased in comparison with December, the volume of butter and eggs exceeding that of January 1928 and the quantity of cheese being smaller than a year ago. January quotations at Chicago were lower than for the preceding month.

COAL

Considerable improvement took place during January in the market for domestic sizes of bituminous coal, due to the prolonged cold weather in the district. The industrial market, however, remained unchanged, with an easing tendency in prices evident through most of the period. Production of bituminous coal in Illinois aggregated 6,982,196 tons in January, or more than 1,100,000 tons heavier than in December and 1,000,000 tons above that for last January. Mines in operation numbered 188, against 185 and 182 a month and a year previous. The number of men employed totaled 55,547, compared with 56,198 and 59,613 in the

respective month-to-month and yearly comparisons, while the average number of days worked was 21.1 in January, 18.2 in December, and 18.1 a year ago.

Production of bituminous coal for January in the United States of 51,456,000 tons was heavier than in either the preceding month or January 1928. Stocks of bituminous coal with commercial consumers on January 1 had declined from 42,400,000 on November 1 to 41,800,000, which compares with 55,500,000 tons on the corresponding date a year ago and is lower than on January 1 of any year since 1923.

INDUSTRIAL EMPLOYMENT CONDITIONS

The number of workers gainfully employed in the Seventh Federal Reserve district was somewhat smaller on January 15 than a month earlier, a reaction from the activity preceding the holidays as well as a result of inventory-taking at a large number of reporting plants. At factories employing approximately 356,000 workers, the reductions amounted to 0.7 per cent in number and 2.1 per cent in amount of payrolls. Reports for the distributive and construction industries showed the usual heavy decline in demand for labor at this season, so that the total loss in employment within the district was larger than as reflected in the manufacturing returns. One of the reporting industrial groups, vehicles, registered gains in both men and payrolls, the automobile industry reflecting a distinctly upward trend in operations. Reports received from the Employers' Association of Detroit showed a similar trend, employment in that city gaining 5.4 per cent during the four weeks previous to January 15, with an additional ex-

pansion of 4.6 per cent up to the last reporting date, February 12.

Under the metal industries, payroll amounts declined, although there was no curtailment in forces. Agricultural implements and the manufacture of tools and cutlery registered gains. The leather and rubber industries showed some expansion in the number of workers employed, while payroll amounts declined. The remaining reporting groups recorded definite losses in both men and payrolls, the most pronounced of these in the stone, clay, and glass products, where the declines for the month were 12.3 and 12.9 per cent, respectively.

The ratio of the number of applicants to available positions at the free employment offices reflected a larger volume of unemployment. At the Illinois offices this ratio increased from 144 per cent for December to 182 for January; in Indiana from 123 per cent to 154; and in Iowa from 247 to 316.

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

| INDUSTRIAL GROUPS | NUMBER OF WAGE EARNERS | | | TOTAL EARNINGS | | |
|--|-------------------------------|-----------------|--------------------|-------------------------------|-----------------|--------------------|
| | WEEK ENDED JAN. 15 1929 | DEC. 15 1928 | PER CENT CHANGE | WEEK ENDED JAN. 15 1929 | DEC. 15 1928 | PER CENT CHANGE |
| All groups (10)..... | 353,340 | 355,692 | - 0.7 | \$9,157,323 | \$9,356,719 | - 2.1 |
| Metals and metal products (other than vehicles)..... | 146,545 | 145,728 | + 0.6 | 3,765,815 | 3,829,898 | - 1.7 |
| Vehicles..... | 35,335 | 34,923 | + 1.2 | 961,661 | 955,476 | + 0.6 |
| Textiles and textile products..... | 25,475 | 25,683 | - 0.8 | 604,148 | 615,567 | - 1.9 |
| Food and related products..... | 46,743 | 47,750 | - 2.1 | 1,219,303 | 1,234,158 | - 1.2 |
| Stone, clay, and glass products..... | 12,469 | 14,220 | -12.3 | 353,066 | 405,317 | -12.9 |
| Lumber and its products..... | 29,335 | 29,796 | - 1.5 | 654,007 | 691,228 | - 5.4 |
| Chemical products..... | 9,951 | 10,047 | - 1.0 | 262,723 | 267,594 | - 1.8 |
| Leather products..... | 13,921 | 13,838 | + 0.6 | 284,815 | 294,486 | - 3.3 |
| Rubber products..... | 4,139 | 4,074 | + 1.6 | 100,662 | 101,523 | - 0.8 |
| Paper and printing..... | 29,427 | 29,633 | - 0.7 | 951,123 | 961,472 | - 1.1 |

MANUFACTURING ACTIVITIES AND OUTPUT

Automobile Production and Distribution—Data on automobile production for January show increases over both December and a year ago. Output of passenger cars in the United States totaled 350,617, or 70.9 per cent more than in the preceding month and 70.4 per cent above last January. Truck production of 51,537 compared with 28,114 in December and 26,082 for January 1928.

Distributors in the Middle West report a greater number of cars sold at wholesale in January than either a month previous or in January last year. Retail sales declined in the month-to-month comparison, while a larger number of cars was sold than a year ago but with a decline registered in the figures on total value. Stocks of new cars on hand January 31 were considerably heavier than

either a month or a year previous. Used car stocks increased in number over December 31 but declined in value, and exceeded those held on the corresponding date of 1928 in both number and value. Sales of used cars declined in the month-to-month comparison and increased over a year ago. Deferred payment sales constituted 49.9 per cent of the total retail sales of forty-four dealers in January, compared with a ratio of 44.3 per cent in December and 41.7 per cent for twenty-six dealers last January.

MIDWEST DISTRIBUTION OF AUTOMOBILES

Changes in January, 1929, from previous months

| | | PER CENT CHANGE | | COMPANIES INCLUDED | |
|---------------------|--|-----------------|-----------|--------------------|-----------|
| | | FROM | | | |
| | | DEC. 1928 | JAN. 1928 | DEC. 1928 | JAN. 1928 |
| New cars | | | | | |
| Wholesale— | | | | | |
| Number sold | | +17.7 | +30.6 | 40 | 29 |
| Value | | + 7.9 | +18.0 | 40 | 29 |
| Retail— | | | | | |
| Number sold | | — 6.3 | +10.3 | 96 | 75 |
| Value | | —24.9 | —15.3 | 96 | 75 |
| On hand January 31— | | | | | |
| Number | | +27.7 | +43.5 | 66 | 45 |
| Value | | +22.0 | +13.7 | 66 | 45 |
| Used cars | | | | | |
| Number sold | | —13.0 | +11.8 | 95 | 75 |
| Salable on hand— | | | | | |
| Number | | + 5.5 | +22.4 | 63 | 43 |
| Value | | — 3.9 | +17.8 | 63 | 43 |

Agricultural Machinery and Equipment—Sales of agricultural machinery and equipment billed to domestic and foreign customers by seventy-two manufacturers in the United States increased 28.2 per cent in January over December, with a recession of 0.02 per cent in the tractor, thresher, combination harvester-thresher group, of 46.0 per cent in the barn equipment group, and an increase of 65.5 per cent in "all other." Sales of heavy machinery exceeded a year ago by 67.5 per cent, and a gain of 14.2 per cent was recorded in the light machinery line, while business in the barn equipment group decreased 5.0 per cent.

PRODUCTION AND SALES OF FARM EQUIPMENT IN THE UNITED STATES

Changes in January, 1929, from previous months

| | PER CENT CHANGE FROM | | COMPANIES INCLUDED |
|------------------------------|----------------------|--------------|-----------------------|
| | DECEMBER 1928 | JANUARY 1928 | |
| Domestic Sales billed..... | +57.6 | + 17.1 | 72 |
| Sales billed for export..... | -22.6 | +120.0 | 40 |
| Total sales billed..... | +28.2 | + 30.6 | 72 |
| Production | + 1.5 | + 32.4 | 70 |

Production computed from average employment during the month. Sales based on value.

Iron and Steel Products—Specifications and new orders for finished steel at Chicago district mills totaled large in volume during January with demand well distributed among all products. This activity continued through the first half of February when operations had reached an average of 92 per cent of ingot capacity. The situation of the industry showed much greater strength than in the corresponding period of 1928. Buying of pig iron for second-quarter requirements has also been active in recent weeks. January production of pig iron in Illinois and Indiana averaged slightly higher than for December and was heavier than in January of previous years. Average daily output in the

United States showed a similar trend. Steel ingot production for the country was in record volume for January and larger than in either November or December. Unfilled orders of the United States Steel Corporation on January 31 showed a gain of almost 134,000 tons over December 31, but were below last year, 4,109,847 tons comparing with 4,275,947 tons on January 31, 1928.

Prices of finished steel at Chicago and for the country have been steady and average higher than a year ago. Chicago scrap iron and steel prices recorded advances the latter part of January but have recently weakened slightly. Foundry pig iron at Chicago shows no change in price.

Both malleable and steel casting foundries of the Seventh district reported larger production, shipments, and new orders in January than a month or a year previous. Stove and furnace manufacturers had smaller shipments than in December, but the volume was larger than a year ago. Orders received and production showed an opposite trend.

Shoe Manufacturing, Tanning, and Hides—Preliminary estimates of the United States Department of Commerce show that shoe manufacturing in the Seventh Federal Reserve district increased 8.7 per cent in January over December. Production of leather in the district gained somewhat in comparison with the preceding month, while sales decreased; both items were below a year ago. Quotations trended downward during the period.

Sales of packer green hides and calf skins were indicated as larger in volume than in December, purchases by district tanners also increased, and shipments from the city decreased. January prices were lower than in December.

Furniture—A seasonal increase of 38.1 per cent over the preceding month was shown in the volume of new orders booked during January by twenty-three furniture manufacturers in the Seventh district, only five firms indicating declines; in the comparison with a year ago, however, orders booked aggregated 17.4 per cent less, with a majority of the companies reporting declines. Shipments well off 8.7 per cent from December but were 13.6 per cent above a year ago. Unfilled orders on hand January 31 gained 18.0 per cent in the monthly comparison, though showing a drop of 14.5 per cent from the same date in 1928. The January rate of operations was slightly below December but higher than for January 1928.

Raw Wool and Finished Woolens—Trading in the raw wool market during January showed no appreciable change from December 1928. Demand was fair, although manufacturers continued to confine purchases to immediate needs so that sales were in small quantities. Prices remained steady at December levels. Stocks of raw wool in dealers' hands December 31, according to the Bureau of Census report, were lower than on September 30 but above the amount held on the corresponding date of 1927. Manufacturers' stocks were lighter in the latter comparison. Reports from manufacturers of finished goods in the Seventh Federal Reserve district indicated little change in conditions during January from the preceding month.

BUILDING MATERIAL AND CONSTRUCTION ACTIVITIES

Demand for lumber at mills and yards of the Chicago Federal Reserve district remained quiet throughout January, orders placed being mostly for immediate requirements. Sales reported by eighteen wholesale and manufacturing concerns totaled 10.3 per cent less in dollar value and 10.4 per cent less in board feet than for the preceding month. Sales were also lower than last year, the declines amounting to 5.8 and 14.0 per cent, respectively, in the two units of measurement. At 244 retail yards, sales were 0.8 per cent below December in value, and 1.2 per cent less than for

January, 1928. Outstanding accounts declined also, their ratio to sales standing at 349 per cent for reporting retail yards in comparison with 380 at the close of December and 373 a year ago. At wholesale, the ratio was 150 per cent, as compared with 133 a month earlier and 137 last year. Stocks remained below last year's volume. Prices were irregular in local markets, though showing a firming tendency in producing regions of the country. Receipts of lumber at Chicago were 11.8 per cent less than in December

and 4.9 per cent below last year. Shipments out of the city declined 10.3 and 5.0 per cent in the two comparisons.

The use of cement and, therefore, shipments from factories during January this year were in small volume, less than for a number of years. Stocks are increasing as usual at this season and are larger than for several previous years. Brick manufacturers report a lack of orders, due to the severe winter.

Building Construction—Contracts awarded during January in the district totaled \$77,438,998, of which \$21,942,556 was for residential construction. Total contracts showed

an increase of 0.7 per cent over December and a decline of 0.5 per cent from a year ago, while residential awards declined 32.4 and 41.7 per cent, respectively, in the two comparisons. Permits issued in fifty cities of the district showed a drop of 44.0 per cent in estimated cost and of 31.8 per cent in number from the preceding month. In comparison with the first month of 1928, the decreases were 38.5 and 29.1 per cent, respectively, in cost and number. Fifty-two additional cities for which the monthly comparison is available registered decreases of 53.1 and 49.0 per cent in cost and number of permits issued.

MERCHANDISING CONDITIONS

Wholesale Trade—All reporting lines of wholesale trade except groceries showed sales declines in January from the preceding month, while all but shoes had larger sales than in January 1928. In the latter comparison, however, the majority of firms in both the wholesale shoe and hardware groups reported a smaller volume of business. Unfavorable

weather and road conditions were mainly responsible for the declines shown in the latter line. Collections were generally below December, although most groups indicated increases over last January. Prices held at firm levels through January, with advances recorded in certain grocery lines.

WHOLESALE TRADE DURING THE MONTH OF JANUARY, 1929

| | Net Sales During Month | | Stocks at End of Month | | Accounts Outstanding End of Month | | | Collections During Month | |
|--------------------------|--------------------------------------|---|--------------------------------------|---|--------------------------------------|---|---------------------------------|--------------------------------------|---|
| | PER CENT CHANGE FROM PRECEDING MONTH | PER CENT CHANGE FROM SAME MONTH LAST YEAR | PER CENT CHANGE FROM PRECEDING MONTH | PER CENT CHANGE FROM SAME MONTH LAST YEAR | PER CENT CHANGE FROM PRECEDING MONTH | PER CENT CHANGE FROM SAME MONTH LAST YEAR | RATIO TO NET SALES DURING MONTH | PER CENT CHANGE FROM PRECEDING MONTH | PER CENT CHANGE FROM SAME MONTH LAST YEAR |
| Groceries..... | (30)+7.4 | (30)+11.9 | (20)-1.7 | (18)+5.7 | (27)+3.5 | (27)-2.2 | (27) 94.6 | (23)-6.9 | (23)+9.1 |
| Hardware..... | (12)-14.3 | (12)+3.9 | (8)+9.1 | (8)-7.5 | (12)-8.0 | (12)-3.4 | (12) 230.6 | (10)-25.0 | (10)-1.1 |
| Dry Goods..... | (10)-7.6 | (10)+7.2 | (8)+22.7 | (8)-8.5 | (10)-6.8 | (9)+3.2 | (10) 362.0 | (9)-31.0 | (7)+11.9 |
| Drugs..... | (9)-14.3 | (9)+11.3 | (8)+1.1 | (8)+7.6 | (8)-4.9 | (8)+5.7 | (8) 145.1 | (7)-3.1 | (7)+19.0 |
| Shoes..... | (7)-13.6 | (7)-10.5 | (5)+9.5 | (5)+5.6 | (6)-7.4 | (6)-1.1 | (6) 389.8 | (5)-26.1 | (5)-10.8 |
| Electrical Supplies..... | (25)-28.1 | (25)+20.3 | (17)+0.6 | (19)+12.1 | (25)-13.9 | (25)+20.8 | (25) 141.0 | (20)-6.4 | (20)+31.9 |

Figures in parentheses indicate number of firms included.

Department Store Trade—A seasonal decline from December of 52.3 per cent took place during January in aggregate sales of 102 department stores of the Seventh district. As compared with January 1928, however, a gain of 6.0 per cent was reported. Chicago, Detroit, and Indianapolis stores shared in this increase, but the total for fifty-six smaller cities showed a decline of 2.7 per cent. Stocks on hand the end of January averaged 2.5 per cent smaller than a month previous, though exceeding the volume of January 31 last year by 5.6 per cent. Stock turnover for January this year (the ratio of sales to average stocks during the month) was 30.5 per cent, comparing with 30.3 per cent a year ago. January collections aggregated 13.6 per cent more than in the preceding month and 2.8 per cent above last January, while accounts receivable January 31 fell off 15.8 per cent in the month-to-month comparison and exceeded the amount held on the corresponding date of 1928 by 13.3 per cent. The ratio of January collections to accounts receivable December 31 averaged 38.3 per cent this year, compared with 41.5 per cent a year ago.

Retail Shoe Trade—January sales of shoes by twenty-three dealers and eighteen department stores in the Seventh district aggregated 47.0 per cent less than in December and were 4.5 per cent below the volume of a year ago. Stocks on hand January 31 averaged 36.8 and 52.7 per cent heavier in the respective month-to-month and yearly comparisons. Accounts receivable by dealers on January 31 fell 1.8 per cent below a month previous, while collections during the month declined 2.1 per cent; accounts receivable exceeded the amount outstanding January 31 last year by 13.3 per cent and January collections increased 4.0 per cent over a year ago. The ratio of accounts receivable to sales during the month averaged 78.4 per cent for January, 62.7

per cent for December, and 72.8 per cent a year ago.

Retail Furniture Trade—A decline of 40.4 per cent from December was shown in the January sales of twenty retail furniture dealers and the furniture sections of twenty-three department stores in the district. As compared with January last year, sales showed little change. Installment sales of fifteen dealers aggregated 36.3 per cent less in January than a month previous and 1.8 per cent more than a year ago. Total collections by seventeen dealers were 10.0 per cent smaller in the month-to-month comparison but 3.4 per cent larger than in January 1928, while collections on installment sales declined 1.0 and increased 12.6 per cent, respectively, in these comparisons. Accounts receivable January 31 fell 3.2 per cent below the amount outstanding December 31, but exceeded the amount on the corresponding date a year ago by 5.6 per cent. Stocks of dealers and department stores the end of the month averaged 6.1 per cent below a month previous, though showing an aggregate gain of 9.2 per cent over January last year.

Chain Store Trade—Aggregate sales during January of twenty-two chains operating 2,509 stores fell off 46.9 per cent from the preceding month, though increasing 14.7 per cent over January 1928. The number of stores in operation gained 0.8 and 21.9 per cent, respectively, in the comparisons. Average sales per store were 47.3 per cent below December and 5.9 per cent under a year ago. All reporting groups except shoes showed sales declines in the comparison with the preceding month, while only musical instruments and furniture had smaller aggregate sales than last January, grocery, five-and-ten-cent, drug, cigar, shoe, men's and women's clothing chains reporting total sales as larger than a year ago.

MONTHLY BUSINESS INDICES COMPUTED BY FEDERAL RESERVE BANK OF CHICAGO

(Index numbers express a comparison of unit or dollar volume for the month indicated, using the monthly average for 1923-1924-1925 as a base, unless otherwise indicated. Where figures for latest month shown are partly estimated on the basis of returns received to date, revisions will be given the following month. Data refer to the Seventh Federal Reserve District unless otherwise noted.)

| | No. of Firms | Jan. 1929 | Dec. 1928 | Jan. 1928 | Dec. 1927 |
|--|-----------------|--------------|--------------|--------------|--------------|
| Meat Packing—(U. S.)— | | | | | |
| Sales (in dollars)..... | 59 | 114.6 | 106.5 | 104.0 | 101.1 |
| Casting Foundries— | | | | | |
| Shipments: | | | | | |
| Steel—In dollars | 15 | 79.8 | 65.4 | 71.1 | 55.6 |
| In tons | 15 | 88.1 | 67.3 | 76.5 | 52.1 |
| Malleable—In dollars | 17 | 75.5 | 69.0 | 58.8 | 59.9 |
| In tons | 15 | 105.1 | 96.1 | 84.7 | 75.3 |
| Stoves and Furnaces— | | | | | |
| Shipments (in dollars)..... | 12 | 78.0 | 115.7 | 60.5 | 86.5 |
| Agricultural Machinery & Equipment—(U. S.)— | | | | | |
| Domestic Sales (in dollars)..... | 83 | 142.3 | 93.8 | 116.8 | 82.4 |
| Exports (in dollars)..... | 56 | 229.5 | 280.8 | 109.9 | 133.8 |
| Total Sales (in dollars)..... | 83 | 155.0 | 123.9 | 115.7 | 90.7 |
| Production | 82 | 171.5 | 168.1 | 130.7 | 127.5 |
| Furniture— | | | | | |
| Orders (in dollars)..... | 27 | 111.5 | 80.2 | 122.8 | 57.3 |
| Shipments (in dollars)..... | 27 | 84.3 | 92.6 | 73.1 | 84.6 |
| Electric Energy— | | | | | |
| Output of Plants (KWH)..... | 8 | 173.2 | 162.7 | 153.1 | 150.0 |
| Industrial Sales (KWH)..... | 8 | 180.4 | 169.2 | 151.2 | 142.1 |
| Flour— | | | | | |
| Production (in bbls.)..... | 32 | 106.2 | 95.0 | 102.7 | 103.0 |
| Output of Butter by Creameries— | | | | | |
| Production | 74 | 88.0 | 79.8 | 88.9 | 77.8 |
| Sales | 74 | 88.9 | 81.7 | 91.1 | 102.1 |
| Iron and Steel— | | | | | |
| Pig Iron Production¹ | | | | | |
| Illinois and Indiana..... | | 125.4 | 122.3 | 113.3 | 100.1 |
| United States..... | | 113.1 | 110.7 | 94.3 | 88.5 |
| Steel Ingot Production—(U. S.) ¹ | | 124.8 | 120.6 | 115.2 | 91.6 |
| Unfilled orders U. S. Steel Corp..... | | 86.1 | 83.3 | 89.5 | 83.2 |
| Freight Carloadings—(U. S.)— | | | | | |
| Grain and Grain Products..... | | 104.1 | 108.8 | 108.9 | 98.2 |
| Live Stock..... | | 91.4 | 89.9 | 101.5 | 89.1 |
| Coal..... | | 122.6 | 108.3 | 106.4 | 101.6 |
| Coke..... | | 104.4 | 94.1 | 93.3 | 86.1 |
| Forest Products..... | | 80.5 | 79.6 | 87.3 | 73.9 |
| Ore..... | | 23.6 | 27.8 | 21.8 | 22.0 |
| Merchandise and Miscellaneous..... | | 96.5 | 99.1 | 94.8 | 92.4 |
| Total | | 97.3 | 96.5 | 94.3 | 89.8 |
| U. S. Primary Markets—² | | | | | |
| Grain Receipts: | | | | | |
| Oats | | 47.4 | 54.5 | 51.7 | 55.6 |
| Corn | | 178.3 | 201.6 | 174.0 | 172.3 |
| Wheat | | 64.5 | 93.9 | 69.1 | 73.6 |
| Grain Shipments: | | | | | |
| Oats | | 41.5 | 40.5 | 39.4 | 35.1 |
| Corn | | 94.0 | 88.5 | 92.7 | 76.9 |
| Wheat | | 47.7 | 59.6 | 41.6 | 53.0 |

Wholesale Trade—

Net Sales (in dollars):

| | No. of Firms | Jan. 1929 | Dec. 1928 | Jan. 1928 | Dec. 1927 |
|-----------------|-----------------|--------------|--------------|--------------|--------------|
| Groceries | 36 | 92.4 | 87.3 | 84.0 | 89.7 |
| Hardware | 16 | 67.5 | 77.1 | 66.3 | 80.2 |
| Dry Goods..... | 10 | 66.7 | 72.1 | 62.2 | 72.7 |
| Drugs | 10 | 102.1 | 110.0 | 91.7 | 91.4 |
| Shoes | 8 | 53.3 | 62.1 | 60.0 | 69.0 |

Retail Trade (Dept. Stores)—

Net Sales (in dollars):

| | No. of Firms | Jan. 1929 | Dec. 1928 | Jan. 1928 | Dec. 1927 |
|-----------------------|-----------------|--------------|--------------|--------------|--------------|
| Chicago | 31 | 93.6 | 191.5 | 89.3 | 186.1 |
| Detroit | 4 | 132.3 | 266.4 | 111.8 | 235.8 |
| Indianapolis | 5 | 89.4 | 173.9 | 86.7 | 180.9 |
| Milwaukee | 5 | 87.6 | 181.5 | 87.4 | 180.1 |
| Outside | 54 | 75.9 | 169.7 | 78.2 | 168.0 |
| Seventh District..... | 99 | 96.2 | 198.4 | 90.8 | 190.6 |

Retail Trade—(U. S.)—

| | No. of Firms | Jan. 1929 | Dec. 1928 | Jan. 1928 | Dec. 1927 |
|------------------------|-----------------|--------------|--------------|--------------|--------------|
| Department Stores..... | 565 | | 187 | 88 | 186 |
| Mail Order Houses..... | 4 | | 208 | 105 | 167 |
| Chain Stores: | | | | | |
| Grocery | 34 | | 220 | 188 | 202 |
| Drug | 13 | | 224 | 146 | 182 |
| Shoe | 7 | | 184 | 87 | 178 |
| Five and Ten Cent..... | 14 | | 305 | 104 | 279 |
| Candy | 4 | | 170 | 100 | 164 |
| Apparel | 5 | | 413 | 121 | 350 |
| Cigar | 4 | | 155 | 90 | 156 |

Automobiles—

| | No. of Firms | Jan. 1929 | Dec. 1928 | Jan. 1928 | Dec. 1927 |
|--|-----------------|--------------|--------------|--------------|--------------|
| Distribution in Middle West ³ | | 119.1 | 69.9 | 69.9 | 36.0 |
| Production (U. S.): Passenger cars..... | | 143.6 | 78.4 | 72.7 | 76.6 |
| Trucks | | | | | |

Stamp Tax Collections—⁴

| | No. of Firms | Jan. 1929 | Dec. 1928 | Jan. 1928 | Dec. 1927 |
|---|-----------------|--------------|--------------|--------------|--------------|
| Sales or Transfers of Capital Stock..... | | 570.1 | 399.0 | 194.2 | 150.1 |
| Sales of Produce on Exchange—Futures..... | | 39.1 | 53.6 | 63.7 | 65.9 |

Building Construction—

Contracts Awarded (in dollars):

| | No. of Firms | Jan. 1929 | Dec. 1928 | Jan. 1928 | Dec. 1927 |
|--------------------|-----------------|--------------|--------------|--------------|--------------|
| Residential | | 74.7 | 110.6 | 128.3 | 162.5 |
| Total | | 113.1 | 112.3 | 113.6 | 185.2 |
| Permits: | | | | | |
| Chicago | Number | 28.1 | 38.4 | 46.0 | 44.3 |
| Cost..... | | 48.1 | 82.4 | 98.8 | 82.9 |
| Indianapolis | Number | 34.7 | 33.1 | 55.3 | 38.4 |
| Cost..... | | 27.0 | 58.4 | 74.4 | 40.4 |
| Des Moines..... | Number | 11.3 | 24.2 | 25.8 | 22.2 |
| Cost..... | | 10.2 | 32.9 | 11.9 | 14.6 |
| Detroit | Number | 25.5 | 41.1 | 37.5 | 39.5 |
| Cost..... | | 46.4 | 70.8 | 41.5 | 121.7 |
| Milwaukee | Number | 46.7 | 60.7 | 55.3 | 66.3 |
| Cost..... | | 55.2 | 178.4 | 41.3 | 86.4 |
| Others (45)..... | Number | 25.6 | 44.4 | 37.6 | 49.4 |
| Cost..... | | 38.7 | 64.9 | 62.0 | 68.2 |
| Fifty Cities..... | Number | 30.7 | 45.1 | 43.3 | 48.8 |
| Cost..... | | 44.8 | 80.0 | 72.9 | 85.8 |

1. Average daily production; 2. Monthly average receipts 1923-24-25=100; 3. The index numbers on automobile distribution have been dropped temporarily until a yearly comparison is possible for the larger number of firms now reporting to this bank; 4. First Illinois internal revenue district.

